

SECTION: FINANCES

TITLE: FUND BALANCE

ADOPTED: August 11, 2011

Palmyra Area School District

620. FUND BALANCE	
1. Purpose	<p>The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the school district and is fiscally advantageous for both the district and the taxpayer. This policy establishes goals and provides guidance concerning the desired level of the year-end fund balance to be maintained by the district.</p>
2. Definitions	<p>Fund balance is a measurement of available financial resources. Fund balance is the difference between total assets and total liabilities in each fund.</p> <p>GASB Statement 54 classifies fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts shall be reported in the following classifications:</p> <p>Nonspendable – amounts that cannot be spent because they are in a nonspendable form (e.g., inventory) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).</p> <p>Restricted – amounts limited by external parties, or legislation (e.g., grants or donations).</p> <p>Committed – amounts limited by Board policy (e.g., future anticipated costs).</p> <p>Assigned – amounts that are intended for a particular purpose, such as a rate stabilization fund or segregation of an amount intended to be used at some time in the future.</p> <p>Unassigned – amounts available for consumption or not restricted in any manner.</p>

<p>3. Guidelines</p>	<p>The school district will strive to maintain a combined assigned and unassigned general fund balance of not less than four percent (4%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.</p> <p>The total fund balance, consisting of several portions including committed, assigned and unassigned, may exceed eight percent (8%).</p> <p>If the combined assigned and unassigned portions of the fund balance fall below the threshold of four percent (4%), the Board will pursue options of increasing revenues and decreasing expenditures or a combination of both until four percent (4%) is attained. If the combined assigned and unassigned portions of the fund balance exceed eight percent (8%) of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures only.</p> <p>The responsibility for designating funds to specific classifications shall be as follows:</p> <ol style="list-style-type: none">1. Nonspendable – shall be determined by the Business Manager.2. Restricted – shall be determined by the Business Manager.3. Committed – shall be determined by the Board.4. Assigned – shall be determined by the Business Manager or designee. <p>The Superintendent or designee shall be responsible for the enforcement of this policy.</p>
<p>4. Delegation of Responsibility</p>	<p>References:</p> <p>School Code – 24 P.S. Sec. 218, 688</p>